

Message Text

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TAGS: BEXP, IN
SUBJECT: REQUEST FOR INFORMATION ON GOI RUBBER FOOTWEAR
INDUSTRY

REF: USDOC 10461

1. IN REPLY TO REFTEL EMBASSY UNABLE TO OBTAIN DEFINITIVE
OR RELIABLE STATISTICS FROM ANY GOI OR INDUSTRY
SOURCES CONTACTED. HOWEVER, BASED ON BEST ESTIMATES
BY TRADE SOURCES WE SUBMIT THE FOLLOWING INFORMATION:

(A) SEPARATE FIRM DATA ARE NOT AVAILABLE FOR RUBBER
AND CANVAS, AND RUBBER PROTECTIVE FOOTWEAR INDUSTRIES
SINCE MOST INDIAN MANUFACTURERS PRODUCE BOTH
PRODUCT CATEGORIES INCLUDING SOME MANUFACTURING
LEATHER FOOTWEAR AS WELL. ACCORDING TO GUIDELINES
FOR INDUSTRIES 1976-77, THERE ARE AT PRESENT 12
MANUFACTURING UNITS IN THE "ORGANIZED" SECTOR
ENGAGED IN THE PRODUCTION OF RUBBER AND CANVAS
(SNEAKERS) AND RUBBER PROTECTIVE FOOTWEAR. AGAINST
THE CURRENT CAPACITY OF 57 MILLION PAIRS PER ANNUM,
PRODUCTION DURING CY-1977 WAS 42.8 MILLION PAIRS.
THE "UNORGANIZED" (COTTAGE AND SMALL SCALE) SECTOR,
ABOUT WHICH DATA ARE RATHER SKETCHY, IS BELIEVED
TO HAVE AN ANNUAL OUTPUT OF BETWEEN 18-20 MILLION
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PAIRS. INDIAN RUBBER PROTECTIVE FOOTWEAR PRODUCTION
IS INSIGNIFICANT.

(B) IN THE ABSENCE OF EMPLOYMENT STATISTICS, INDUSTRY
SOURCES ESTIMATE ABOUT 15,000 WORKERS ARE EMPLOYED
IN THE "ORGANIZED" RUBBER AND CANVAS AND RUBBER
PROTECTIVE FOOTWEAR SECTOR.

(C) ACCORDING TO A LEADING INDIAN MANUFACTURER OF RUBBERFOOTWEAR, A SKILLEDWORKER IS PAID A BASE WAGE OF BETWEEN 32-35 PER HOUR IN THE "ORGANIZED" SECTOR.

(D) GOI INCENTIVES TO EXPORTERS INCLUDE: (I) CASH COMPENSATORY SUPPORT OF 10 PERCENT OF THE F.O.B. VALUE OF EXPORTS ON RUBBER AND CANVAS FOOTWEAR; (II) PRE-SHIPMENT ANDPOST-SHIPMENT CREDIT AT A CONCESSIONAL RATE OF 11 PERCENT INTEREST; AND (III) EXCISE DUTY REBATE OF 25 PERCENT TO THOSE UNITS ESTABLISHED BETWEEN APRIL 1, 1976-MARCH 31, 1979. THE SAME LIMIT IS ALSO APPLICABLE TO EXISTING UNITS WHOSE PRODUCTION WAS HIGHER THAN THE AVERAGE FOR PREVIOUS THREE YEARS. A GOI TASK FORCE ON RUBBER PRODUCTS IN 1976 HAD ESTIMATED DEMAND FOR RUBBER AND CANVAS FOOTWEAR (INCLUDING EXPORT REQUIREMENTS) AT 100 MILLION PAIRS ANNUALLY BY MARCH 1979. IN VIEW OF FUTURE REQUIREMENTS AND SHORTFALL IN THE EXISTING CAPACITY GOI IS CONSIDERING FAVORABLY ADDITIONAL LICENSING TO INCREASE CAPACITY AND EXPANSION OF EXISTING UNITS THAT WOULD INCREASE EXPORTS SUBSTANTIALLY.

(E) THE LEVEL OF TECHNOLOGY EMPLOYED BY THE "ORGANIZED" SECTOR IS NOT VERY SOPHISTICATED AND INVOLVES A UNCLASSIFIED

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RELATIVELY HIGH PROPORTION OF LABOR INPUT. MOST OF THE ORGANIZED UNITS ARE EQUIPPED WITH IMPORTED MOLDING, EXTRUSION, PRESSING AND VULCANIZING EQUIPMENT WHICH FOR THE MOST PART IS NOW BEING FABRICATED IN INDIA. IN THE "UNORGANIZED" SECTOR THE PRODUCTION PROCESS IS ANTIQUATED AND HIGHLY LABOR-INTENSIVE.

(F) ESTIMATED PRODUCTION FOR CY 1980 IS 90 MILLION PAIRS (65 MILLION BY "ORGANIZED" SECTOR AND 25 MILLION BY "UNORGANIZED" SECTOR). TOTAL EXPORTS FOR CY 1980 ARE UNLIKELY TO EXCEED 12 MILLION PAIRS, PRIMARILY BECAUSE OF INTENSE PRICE COMPETITION FROM SOUTH KOREA, TAIWAN, HONG KONG AND THE PEOPLES REPUBLIC OF CHINA. BLOOD

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